

SENATE BILL 700

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2004 Regular Session
4r2632
CF 4r1107

By: **Senators Brinkley and Mooney**
Introduced and read first time: February 6, 2004
Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Frederick County - Borrowing Powers - Employee Health Care Benefits**

3 FOR the purpose of authorizing the County Commissioners of Frederick County to
4 fund the costs of employee health care benefits as provided in a contract that
5 requires the County Commissioners to make payments in a certain manner,
6 borrow money for certain purposes, pay interest, and enter into certain contracts
7 or agreements; providing that the contract terminates on or before a certain
8 date; specifying that the County Commissioners may only exercise the powers
9 granted in this Act if certain money is available, has been appropriated, and
10 may be used to fund employee health care benefits; specifying that the County
11 Commissioners may only exercise the powers granted in this Act if the contract
12 contains certain provisions; and generally relating to Frederick County, its
13 borrowing powers, and employee health care benefits.

14 BY adding to
15 The Public Local Laws of Frederick County
16 Section 2-7-12
17 Article 11 - Public Local Laws of Maryland
18 (1979 Edition and 2002 Supplement, as amended)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
20 MARYLAND, That the Laws of Maryland read as follows:

21 **Article 11 - Frederick County**

22 2-7-12.

23 (A) IN THE EXERCISE OF THEIR BORROWING POWERS, THE COUNTY
24 COMMISSIONERS MAY:

25 (1) FUND THE COSTS OF EMPLOYEE HEALTH CARE BENEFITS,
26 PURSUANT TO A MULTIYEAR CONTRACT THAT TERMINATES ON OR BEFORE JUNE 30,
27 2004, AND THAT REQUIRES THE COUNTY COMMISSIONERS TO MAKE PAYMENTS IN 2
28 OR MORE FISCAL YEARS;

1 (2) BORROW OR PLEDGE MONEY FROM ANY SOURCE FOR ANY PURPOSE
2 RELATING TO THE PROVISION OF EMPLOYEE HEALTH CARE BENEFITS;

3 (3) PAY INTEREST AS PART OF ANY PAYMENTS, IN ACCORDANCE WITH
4 THE TERMS OF THE CONTRACT;

5 (4) ENTER INTO CONTRACTS OR AGREEMENTS OF ANY KIND AND
6 EXECUTE ALL INSTRUMENTS NECESSARY AND CONVENIENT TO CARRY OUT THE
7 POWERS GRANTED IN THIS SECTION, INCLUDING TRUST INDENTURES, CONDITIONAL
8 FUNDING AGREEMENTS, OR OTHER PAYMENT AGREEMENTS; AND

9 (5) CONTRACT WITH OR ENGAGE THE SERVICES OF ANY PERSON FOR
10 ANY FINANCING, INCLUDING UNDERWRITERS, PLACEMENT AGENTS, FINANCIAL
11 INSTITUTIONS, ISSUERS OF LETTERS OF CREDIT OR INSURERS, ISSUERS OF
12 CERTIFICATES OF PARTICIPATION, HEALTH INSURERS, OR HEALTH CARE
13 PROVIDERS.

14 (B) (1) THE COUNTY COMMISSIONERS MAY ONLY EXERCISE THE POWERS
15 GRANTED IN SUBSECTION (A) OF THIS SECTION IF:

16 (I) MONEY SUFFICIENT TO PAY ALL AMOUNTS DUE UNDER THE
17 CONTRACT DURING THE FIRST FISCAL YEAR THE CONTRACT IS EFFECTIVE:

- 18 1. IS OR WILL BE AVAILABLE;
- 19 2. HAS BEEN APPROPRIATED; AND
- 20 3. MAY BE USED AS PROVIDED IN SUBSECTION (A) OF THIS
21 SECTION;

22 (II) THE CONTRACT INCLUDES A PROVISION THAT AUTHORIZES
23 THE COUNTY COMMISSIONERS TO TERMINATE THE CONTRACT IF ENOUGH MONEY
24 TO PAY ALL AMOUNTS DUE UNDER THE CONTRACT IN A FISCAL YEAR ARE NOT
25 APPROPRIATED IN THE FISCAL YEAR;

26 (III) THE CONTRACT PROVIDES THAT, ABSENT A DEFAULT IN
27 PAYMENT BY THE COUNTY, AN OBLIGATION TO PAY AMOUNTS DUE UNDER THE
28 CONTRACT IS LIMITED TO MONEY APPROPRIATED TO PAY THE CONTRACT FOR THE
29 FISCAL YEAR; AND

30 (IV) THE CONTRACT PROVIDES THAT, IF THE COUNTY DEFAULTS IN
31 PAYMENT, AN OBLIGATION TO PAY AMOUNTS DUE UNDER THE CONTRACT IS
32 LIMITED TO MONEY APPROPRIATED TO PAY THE CONTRACT FOR THE FISCAL YEAR
33 AND OTHER FUNDS LEGALLY AVAILABLE FOR PAYMENT OF THE CONTRACT.

34 (2) THE CONTRACT MAY PROVIDE THAT A TERMINATION OF A
35 CONTRACT IS NOT ENFORCEABLE IF THE COUNTY ENTERS INTO ANOTHER
36 CONTRACT FOR THE SAME OR SUBSTANTIALLY SIMILAR EMPLOYEE HEALTH CARE
37 BENEFITS WITH ANOTHER PARTY WITHIN A PERIOD OF TIME AFTER TERMINATION,
38 AS SPECIFIED IN THE CONTRACT.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 July 1, 2004.